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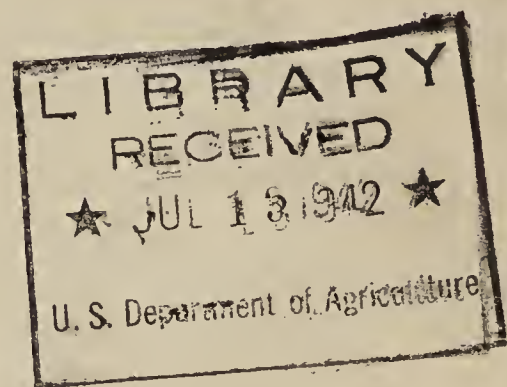
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U. S. DEPARTMENT OF AGRICULTURE  
FEDERAL CROP INSURANCE CORPORATION

1943  
WHEAT CROP INSURANCE  
REGULATIONS



Issued June 1942

UNITED STATES GOVERNMENT PRINTING OFFICE

WASHINGTON : 1942

## CONTENTS

	Page		Page
<b>PART I. MANNER OF OBTAINING INSURANCE:</b>		<b>PART VI. DEPOSITS, REFUNDS OF DEPOSITS, AND EXCESS PAYMENTS:</b>	
Section 1.—Application for insurance.....	1	Section 26.—Deposits to be applied toward payment of annual premium for future crop years.....	7
2.—Acceptance of applications by the Corporation.....	1	27.—Refunds .....	7
<b>PART II. PREMIUM FOR INSURANCE CONTRACT:</b>		28.—Storage and handling expenses..	7
Section 3.—Amount of annual premium....	1	29.—Assignment or transfer of claims for refunds.....	7
4.—Manner of paying premium.....	2	30.—Refund in case of death, incompetence, or disappearance....	7
5.—Wheat seeded for purposes other than grain.....	2	<b>PART VII. ESTABLISHMENT OF AVERAGE YIELDS AND PREMIUM RATES:</b>	
<b>PART III. INSURANCE COVERAGE:</b>		Section 31.—Average yields per acre.....	7
Section 6.—Insurance period.....	2	32.—Premium rate per acre.....	7
7.—Insured production.....	2	33.—Average yields and premium rates where farms vary widely in productivity and risk of loss .....	8
8.—Hazards insured against.....	2	34.—County check yields.....	8
9.—Notice of transfer, or probable loss.....	3	35.—County check premium rates..	8
10.—Time of loss.....	3	36.—Special farming practices.....	8
11.—Proof of loss.....	3	<b>PART VIII. GENERAL:</b>	
12.—Amount of loss.....	3	Section 37.—Restriction on purchase and sale of wheat by the Corporation..	8
<b>PART IV. PAYMENT OF INDEMNITY:</b>		38.—Records, access to insurance unit .....	8
Section 13.—When indemnity payable .....	5	39.—Review of determinations of county committees.....	9
14.—Indemnity payment .....	5	40.—Applicant's warranty; voidance by the Corporation.....	9
15.—Adjustments in connection with indemnity payments.....	5	41.—Modification of insurance contract .....	9
16.—Other insurance.....	5	42.—Fractional units in acres and yields.....	9
17.—Subrogation.....	5	43.—Closing dates for any crop year..	9
18.—Suit .....	5	44.—Due dates for payment of annual installments on premium notes .....	9
19.—Creditors .....	5	45.—Meaning of terms.....	9
<b>PART V. PAYMENT OF INDEMNITY TO PERSONS OTHER THAN ORIGINAL INSURED:</b>			
Section 20.—Transfers of interest in insured crop .....	5		
21.—Death, incompetency, or disappearance of insured.....	6		
22.—Collateral assignment of insurance contract .....	6		
23.—Fiduciaries.....	6		
24.—Indemnities subject to all provisions of insurance contract..	6		
25.—Determination of person to whom indemnity shall be paid.....	6		



# WHEAT CROP INSURANCE REGULATIONS

The Federal Crop Insurance Program is part of the general program of the United States Department of Agriculture administered for the benefit of agriculture.

By virtue of the authority vested in the Federal Crop Insurance Corporation by the Federal Crop Insurance Act, as amended, these regulations are hereby published and prescribed to be in force and effect, with respect to the wheat crop insurance program, until amended or superseded by regulations hereafter made.

## PART I. Manner of Obtaining Insurance <sup>1</sup>

**SECTION 405.1 Application for insurance.**—An application for insurance may be made by any person who has an interest as landlord, owner-operator, tenant, or sharecropper in a wheat crop. Such application shall be made on a form prescribed by the Corporation for such purpose. The application shall cover all insurance units in the county in which the application is filed and in which the applicant has an interest in the crop as landlord, owner-operator, tenant, or sharecropper at the time of seeding in any of the three years specified in the application, and the insurance units so covered shall include (1) all insurance units physically located in such county, or considered as located in such county for the purpose of establishing the average yield and premium rate, and in which the applicant has an interest in the crop as landlord, owner-operator, tenant, or sharecropper, (2) all insurance units in adjoining counties in which the applicant has an interest in the crop as owner-operator, tenant, or sharecropper, provided the applicant is an operator of an insurance unit in the county where the application is filed, and (3) all insurance units in other counties in which the applicant has an interest in the crop as owner-operator, tenant, or sharecropper, and considered for the purposes of the Agricultural Conservation Program as located in the county in which the application is filed. The insurance shall attach at the time of the seeding of the wheat crop. Applications shall be submitted to the office of the county committee on or before the closing date established by the Corporation for the county in which the insurance unit is located.

**SECTION 2. Acceptance of applications by the Corporation.**—(a) Upon acceptance of an application by the county committee, the insurance contract shall be in effect: *Provided, however,* That the application is submitted on or before the closing date as defined in section 43 hereof and in accordance with the pro-

visions of the application, these regulations and any amendments hereto: *And provided, further,* That such application is subject to the Federal Crop Insurance Act, and any subsequent legislation (including appropriation statutes) affecting the insurance contract as Congress may hereafter enact. Acceptance of the application shall be evidenced by delivery to the applicant of a copy of the application signed by a member of the county committee.

(b) The Corporation reserves the right to reject any application for insurance or to limit the insurance percentage to 50 percent of the average yield for the insurance unit covered by the application in any case where the county committee determines that the risk to be incurred under the insurance contract warrants either such action.

(c) The insured may cancel the insurance contract as it relates to future crops for the purpose of entering into a new three-year contract, if one is offered, but such cancelation shall not affect any existing insurance coverage. The insured may cancel the insurance contract as it applies to the third year by giving written notice to the county committee on or before the closing date (as defined in section 405.43 hereof) for the second year.

## PART II. Premium for Insurance Contract

**SECTION 3. Amount of annual premium.**—(a) The annual premium for each insurance unit under the contract shall be the number of bushels of wheat determined by multiplying the number of acres of wheat seeded, not in excess of the maximum insurable acreage, by the premium rate per acre and by the insured's interest in the crop at the time of seeding. If more than one premium rate has been established for the insurance unit, a premium shall be computed separately using the applicable acreage for each premium rate and the total of the amounts computed shall be the premium for the insurance unit. The annual premium for the insurance contract shall be the total of the annual premiums for the insurance units covered by the contract. For any year when wheat is seeded the minimum annual premium for any insurance contract shall be one bushel of wheat. The annual premium with respect to each insurance unit shall be regarded as earned when the wheat crop on such unit is seeded.

(b) The Corporation may reduce the annual premium in any year not to exceed 50 percent, if it determines, from a comparison of the insured production with the accumulated balance of premiums paid over indemnities received by the insured on consecutively insured crops, that the risks on wheat

<sup>1</sup> Definitions of terms for purposes of the wheat crop insurance program are contained in section 45 hereof.



crops produced by the insured justify such reduction. Nothing in this provision shall create in the insured any right to a reduced premium as a result of the total premiums he has paid exceeding the total indemnities he has received.

SECTION 4. *Manner of paying premium.*—(a) Each applicant for insurance shall sign a note which is a part of his application. Such note shall represent a promise to pay the Federal Crop Insurance Corporation the total premium for all insurance units covered by the insurance contract for the crop years in which the contract is in effect. Such total premiums shall be payable in annual installments constituting the amount of premium earned with respect to each crop year under the insurance contract, and such annual installments shall be payable each year on or before the due date for the state in which the insurance unit(s) is located. Annual installments paid on or before the due date may be paid in wheat or cash equivalent, but installments paid after the due date are payable only in cash equivalent. Such note shall not bear interest.

(b) Any payment upon such note in wheat shall be made in the form of a warehouse receipt, or other instrument acceptable to the Corporation, representing salable wheat. In connection with any payment, there shall be credited on this note the number of bushels of wheat computed by dividing the payment made (the proceeds of the wheat if wheat is paid) by the cash equivalent price per bushel, for the date of the payment or the maturity date, whichever occurs first. The cash equivalent of any annual premium installment shall be determined by multiplying the number of bushels of wheat of the applicable class and grade constituting the annual installment by the cash equivalent price per bushel for the date the installment is due, or in the event the installment is paid before the due date, the price for the day when the installment is paid.

(c) Any unpaid amount of any installment on the note (either before or after the due date) may be deducted by the Corporation from any indemnity due the insured, from the proceeds of any commodity loan to him, and, by the Secretary of Agriculture, from any payment made to the insured under the Soil Conservation and Domestic Allotment Act, as amended, or any other act of Congress administered by the United States Department of Agriculture. In instances where such collections are made before the due date, the cash equivalent of the payment will be based on the cash equivalent price used in computing the indemnity payment or the cash equivalent price in effect on the day the county committee approves a loan or other payment, as the case may be.

(d) Payments in cash shall be made by means of cash or by check, money order, or bank draft, payable to the Treasurer of the United States. All checks and drafts will be accepted subject to collection, and payments tendered shall not be regarded as paid unless collection is made.

SECTION 5. *Wheat seeded for purposes other than*

*grain.*—In the event the applicant or the insured, as the case may be, indicates his intent to seed only a part of his wheat for harvest as grain, and before the closing date for acceptance of applications in any year of the contract submits to the county committee a designation of the acreage to be seeded for purposes other than harvest as grain, which designation has the approval of the county committee, the acreage used in computing the premium and insured production will not include such acreage. However, the total production from any wheat threshed on the insurance unit shall be considered in determining a loss under the contract.

### PART III. Insurance Coverage

SECTION 6. *Insurance period.*—Insurance for each wheat crop covered by the insurance contract shall attach when each such crop is seeded. The insurance shall cease with respect to any portion of the wheat crop covered by the insurance contract upon threshing (unless combined, field-sacked, and remaining in the field, in which event the insurance shall not cease for 120 hours thereafter) or removal from the insurance unit, but in no event shall the insurance remain in effect later than October 31 of each year unless such time is extended in writing by the Corporation.

SECTION 7. *Insured production.*—The insured production for each year of the contract on each insurance unit under the contract shall be the number of bushels of wheat determined by multiplying the acreage of wheat seeded, as determined by the Corporation (but not in excess of the maximum insurable acreage defined in sec. 45 (1)), by the yield per acre, by the percent insurance, and by the insured's interest in the crop at the time of seeding. If more than one average yield has been established for the insurance unit, the insured production shall be computed separately using the applicable acreage for each yield and the total of such computed amounts shall be the insured production for the insurance unit.

SECTION 8. *Hazards insured against.*—The insurance hereby applied for shall cover loss in yield of wheat due to drought, flood, hail, wind, frost, winterkill, lightning, fire, tornado, storm, insect infestation, animal pests, plant diseases, excess or deficient moisture, incursions of animals, and other unavoidable causes not specifically mentioned herein. The insurance hereby applied for shall not cover damage to quality, or loss in yield caused by overpasturage, overplanting, use of defective or unadapted seed, failure properly to prepare the land for seeding or properly to seed, harvest, thresh, or care for the insured crop, failure to reseed to wheat in areas and under circumstances where the Corporation determines it is customary to reseed, or, where insurance is written on an irrigated basis, failure properly to apply irrigation water to wheat in proportion to the amount of water available for all irrigated crops, or failure to follow good farming



practices, or loss in yield caused by the neglect or malfeasance of the insured or any person in his household or employment or connected with the insurance unit as tenant, sharecropper or wage hand, or loss by theft.

**SECTION 9. *Notice of transfer, or probable loss.***—

(a) Notice shall be given the Corporation at the office of the county committee (1) immediately after the wheat crop or any portion thereof is transferred to another person, or (2) before the crop is harvested, removed, or any other use is made of the insured crop if a loss is probable. Any such notice shall be given in time to allow the Corporation to make appropriate investigation.

(b) Any portion of the wheat crop that has been substantially totally destroyed may be put to another use only with the consent of the Corporation and subject to an appraisal of the yield by the Corporation. No acreage seeded to wheat shall be considered as put to another use as long as any wheat on such acreage is remaining for harvest, nor shall other grains be seeded with the wheat crop without the consent of the Corporation. Proper measures shall be taken to protect the crop from further damage and there shall be no abandonment of any crop or any portion thereof to the Corporation.

**SECTION 10. *Time of loss.***—Loss, if any, shall be deemed to have occurred at the completion of threshing of such crop (unless combined, field-sacked, and remaining in the field, in which event the loss shall be deemed to have occurred 120 hours thereafter) or October 31 of each year, whichever occurs first, unless the Corporation determines that total or substantially total destruction of the wheat crop occurred earlier, in which event the loss shall be deemed to have occurred on the date so determined by the Corporation. The wheat crop shall be deemed to have been substantially totally destroyed if the Corporation finds that it has been so badly damaged that farmers generally in the area where the insurance unit is located would not further care for the crop or harvest any portion thereof.

**SECTION 11. *Proof of loss.***—If a loss is claimed in any crop year with respect to any insurance unit, the insured shall submit to the Corporation at the office of the county committee, on a form prescribed by the Corporation, a statement in proof of loss containing such information as may reasonably be required regarding the insured crop. Such statement in proof of loss shall be submitted not later than 30 days after threshing, but in no event later than November 15 of each year, unless such time is extended in writing by the Corporation. It shall be a condition precedent to any liability under the insurance contract that the insured establish that any loss for which claim is made has been directly caused by a hazard insured against by the insurance contract during the term of the contract, and that the insured further establish that such loss has not arisen from, or been caused by, either directly or indirectly, any of the hazards not insured against by the insurance contract.

**SECTION 12. *Amount of loss.***—The amount of loss for which indemnity will be paid with respect to any insurance unit covered by the insurance contract shall be the amount by which the total production of wheat for such insurance unit, multiplied by the percentage representing the insured's interest in the wheat crop on such insurance unit, or portion thereof, is less than the insured production for such insurance unit. Such total production, for the purpose of determining the amount of loss, shall include:

1. Wheat produced from any acreage of the wheat crop which was threshed;
2. Wheat production appraised from any acreage of the wheat crop which was not threshed, but which was otherwise harvested as grain;
3. Wheat production appraised from any acreage of the wheat crop which was not harvested as grain, was not threshed, but which, after maturity, was left standing in the field;
4. Wheat production appraised from any acreage of the wheat crop which was totally or substantially totally destroyed and put to another use with the consent of the Corporation;
5. For the acreage of the wheat crop in excess of the maximum insurable acreage on farms classified as nonwheat allotment farms under the Agricultural Conservation Program which is disposed of with the consent of the Corporation and on which the appraised yield per acre is greater than the appraised yield per acre for the remaining acreage of the wheat crop, a number of bushels equal to the product of (1) such acreage disposed of, (2) the quantity of wheat by which the appraised yield per acre for such acreage is greater than the appraised yield per acre for the remaining acreage of the wheat crop, and (3) the insured percentage. No adjustment shall be made if the appraised yield per acre of the acreage disposed of is not greater than the appraised yield per acre for such remaining acreage of the wheat crop;
6. For the acreage of the wheat crop which was not reseeded in areas and under circumstances where it is customary to reseed, a number of bushels equal to the quantity of wheat by which the actual production for such acreage is less than the product of (1) such acreage, (2) the average yield, and (3) the insured percentage;
7. For the acreage of the wheat crop which before maturity is pastured off, cut for hay, or used for soil-conservation purposes, with the consent of the Corporation, a number of bushels equal to the product of (1) such acreage, (2) the average yield, and (3) the insured percentage;



8. For the acreage of the wheat crop which was a complete failure in yield due to causes not insured against, or because the land or crop was put to some other land use or crop use without the consent of the Corporation, a number of bushels equal to the appraised reduction in production due to such causes or due to the land or crop being put to another use without consent of the Corporation. In no event shall such appraised reduction in production be less than the product of (1) such acreage, (2) the average yield, and (3) the insured percentage;
9. For the acreage of the wheat crop which has been damaged by reason of causes not insured against, or which has been damaged or destroyed by reason of causes insured against and causes not insured against, a number of bushels equal to the appraised reduction in production due to causes not insured against;
10. For the acreage of the wheat crop seeded on land of poorer average quality for the production of wheat than the average quality of the land seeded to wheat on the insurance unit during the base period, where such seeding is not the result of a regularly established rotation, a number of bushels equal to the product of (1) such acreage, (2) the insured percentage, and (3) a quantity of wheat representing the difference between the average yield and the yield per acre appraised on the basis of the quality of land so seeded. This adjustment shall be made notwithstanding that damage or total destruction of the insured crop occurs by reason of any other cause;
11. For the acreage of the wheat crop for which the risk to the Corporation has been increased by reason of the seeding of a different class of wheat than the class of wheat considered in establishing the average yield, a number of bushels equal to the product of (1) such acreage, (2) the insured percentage, and (3) a quantity of wheat representing the difference between the average yield and the yield per acre appraised on the basis of the class of wheat seeded. This adjustment shall be made notwithstanding that damage or total destruction of the insured crop occurs by reason of any other cause;
12. For the acreage of the wheat crop for which the risk to the Corporation has been increased by reason of following different fertilizer or farming practices than those considered in establishing the average yield, a number of bushels equal to the product of (1) such acreage, (2) the insured percentage, and (3) a quantity of wheat representing the difference between the average yield and the yield per acre appraised on the basis of the fertilizer or farming practices followed. This adjustment shall be made notwithstanding that damage or total destruction of the insured crop occurs by reason of any other cause;
13. For the acreage of the wheat crop which is insured on the basis of irrigation (except where irrigated and nonirrigated yields have been established for the insurance unit) and on which the necessary irrigation water was not applied or was not applied at the proper time or in the proper manner, a number of bushels equal to the appraised reduction in production due to any such cause. This adjustment shall be made notwithstanding that damage or total destruction of the insured crop occurs by reason of any other cause. No adjustment shall be made if no water was available for irrigation purposes on the insurance unit, or if the amount of irrigation water available was insufficient, due to unavoidable causes, for all the irrigated crops and the amount of water available was distributed among the irrigated crops so that as large a proportion of the acreage in the wheat crop was protected by irrigation water as the acreage of other crops under irrigation on the insurance unit; and
14. For the acreage of the wheat crop or portion thereof in which the insured's interest has changed by reason of one or more transfers of interest as provided in section 20 of these regulations and for which the Corporation determines that such transfers were made, after the time that substantial damage occurred to such wheat crop or portion thereof, for the purpose of procuring a greater amount of indemnity than would have been payable for the insurance unit had such transfers not taken place, a number of bushels, as determined by the Corporation, to the extent that the number of bushels for which the Corporation will be liable as an indemnity for the insurance unit shall not exceed the number of bushels that would have been payable had such transfers not taken place:

*Provided, however,* That where production of wheat is reduced by inability to obtain labor, fertilizer, machinery, repairs, or other farming essentials as a result of war conditions, and a reasonable effort has been made to obtain such labor, fertilizer, machinery, repairs, or other farming essentials, the total production shall include the wheat equivalent of the savings in cost of the continued care and harvesting of the insured crop unless such equivalent is more than the amount of loss attributable to such cause.



## PART IV. Payment of Indemnity

SECTION 13. *When indemnity payable.*—The amount of loss for which the Corporation may be liable with respect to any insurance unit covered by the contract shall be payable within 30 days after proof of loss satisfactory to the Corporation has been established. Notwithstanding the fact that payment of any indemnity is delayed for any reason beyond the time specified, the Corporation shall not be liable for interest or damages on account of such delay.

SECTION 14. *Indemnity payment.*—Any indemnity due under the insurance contract will be paid by the issuance of a certificate of indemnity on which will be shown the amount of loss. Settlement under such certificate will be made in cash unless other optional methods of settlement are offered.

SECTION 15. *Adjustments in connection with indemnity payments.*—Where an adjustment is made in the amount of an indemnity, settlement for such adjustment may be made on the basis of a cash equivalent price per bushel other than that used in making settlement under the certificate of indemnity originally issued.

SECTION 16. *Other insurance.*—If the insured has or acquires any other insurance against substantially all the risks that are insured against under the insurance contract on the crop or portion thereof covered in whole or in part by such insurance contract, whether valid or not, or whether collectible or not, the liability of the Corporation shall not be greater than its share would be if the amount of its obligations were divided equally between the Corporation and such other insurer. In any case where an indemnity is paid to the insured by another government agency because of damage to the wheat crop, the Corporation reserves the right to determine its liability under the wheat crop insurance contract taking into consideration the amount paid by such other agency.

SECTION 17. *Subrogation.*—The Corporation may require from the insured an assignment of all rights of recovery against any party for loss or damage to the extent that payment therefor is made by the Corporation, and the insured shall execute all papers required and shall do everything that may be necessary to secure such rights.

SECTION 18. *Suit.*—No suit or action shall be brought to enforce any claim for loss under the insurance contract unless all the requirements of such contract have been complied with.

SECTION 19. *Creditors.*—(a) An interest existing by virtue of a debt, lien, mortgage, garnishment, levy, execution, bankruptcy, or any other legal process shall not be considered an interest in an insured crop within the meaning of these regulations.

(b) Any indemnity payable under an insurance contract shall be paid to, and settlement under the certificate of indemnity made with, the insured, or to such other person as may be entitled to the benefits of the insurance contract under the provisions of these regulations, notwithstanding any

attachment, garnishment, receivership, trustee process, judgment, levy, equity, or bankruptcy directed against the insured or such other person, or against any indemnity alleged to be due to such person; nor shall the Corporation or any officer, employee, or representative thereof be a proper party to any suit or action with reference to such indemnity or the proceeds thereof nor be bound by any judgment, order, or decree rendered or entered therein. No officer, agent, or employee of the Corporation shall, because of any such process, order, or decree, pay, or cause to be paid, to any person other than the insured or other person entitled to the benefits of the insurance contract, any indemnity payable, or any amount due in settlement of any certificate of indemnity in accordance with the provisions of the insurance contract. Nothing herein contained shall excuse any person entitled to the benefits of the insurance contract from full compliance with, or performance of, any lawful judgment, order, or decree with respect to the disposition of any sums paid thereunder as an indemnity.

## PART V. Payment of Indemnity to Persons Other Than Original Insured

SECTION 20. *Transfers of interest in insured crop.*—Payment of indemnity with respect to the wheat crop for any year will be made only to the person(s) having the insured interest in the crop at the time of loss. In the event there is a transfer of the insured interest in a wheat crop after planting and before the time of loss, the transferee shall be entitled to the benefits of the insurance contract as follows: (1) if the transfer is of the entire insured interest in the crop or a percentage of such entire interest, the insurance unit shall not be changed and the transferee shall be entitled to any indemnity payable with respect to the transferred interest, (2) if the transfer is of the insured interest or a portion thereof in a portion of the acreage constituting the insured crop, the acreage with respect to which such interest is transferred shall constitute a separate insurance unit for the purposes of determining the amount of loss: *Provided, however,* That if any such transfer takes place after material damage to the insured crop or portion thereof and the Corporation determines that the transfer was made for the purpose of requiring the Corporation to pay a greater indemnity than would have been paid if the transfer had not taken place, the Corporation shall not be liable for a greater amount of indemnity in connection with the insured crop than would have been paid if the transfer had not taken place. If, as a result of a transfer of an interest in the wheat crop, diverse interests appear at the time a loss is being settled, the Corporation may settle the loss with respect to such an insurance unit by paying the indemnity jointly to all persons having the insured interest in the crop at the time of loss, or to one of such persons on behalf of all such persons. Any payment in such



manner shall constitute a complete discharge of the Corporation's liability under the contract.

**SECTION 21. *Death, incompetency, or disappearance of insured.***—(a) If the insured dies, is judicially declared incompetent, or disappears, either before or after the time of loss, and his insured interest in a wheat crop is a part of his estate, the indemnity, if any, shall be paid to the legal representative of his estate, if one is duly appointed or is otherwise qualified. If no such representative is or will be appointed, the indemnity shall be paid to the persons beneficially entitled to share in the insured's interest in the crop or to any one or more of such persons on behalf of all such persons: *Provided, however,* That if the indemnity exceeds 500 bushels of wheat the Corporation may withhold the payment of the indemnity until a legal representative of the insured's estate is appointed by the Court or otherwise legally qualifies.

(b) If the insured dies, is judicially declared incompetent, or disappears before the time of loss, and his interest in the wheat crop is not a part of his estate at such time, the indemnity, if any, shall be paid in the manner provided for in section 20 to the person or persons succeeding to such interest in the crop.

(c) Death, judicial declaration of incompetency, or disappearance of the insured, shall automatically cancel the insurance with respect to any acreage under the term insurance contract for which the premium has not been earned.

(d) An insured shall be considered to have disappeared within the meaning of this section if he leaves his place of residence and his whereabouts have been unknown for a period of 150 days.

**SECTION 22. *Collateral assignment of insurance contract.***—The insured's interest in an insurance contract, as it relates to any one crop year, may be assigned as collateral security for a current loan, current advance to assist in the making of a wheat crop, the amount of the current year's rental due under a leasing agreement covering the insurance unit, or for the amount of the current annual installment due under a purchase, mortgage, or trust agreement covering the purchase of the insurance unit, and an additional amount of any delinquency under the purchase, mortgage, or trust agreement not to exceed the amount of the current annual installment, including interest and taxes. Such assignment shall be made by the execution of a form prescribed by the Corporation. The interests of the assignee will be recognized in the event an indemnity is payable under the insurance contract, to the extent of the unpaid balance of the amount (including interest and other charges), for which such assignment was made as collateral security: *Provided, however,* That (1) the Corporation, in settlement of a certificate of indemnity, may issue a check jointly to all persons having an interest in such settlement and such settlement shall constitute a complete discharge of the insurance contract; and (2) settlement under any certificate of indemnity

will be subject to all conditions and provisions of the insurance contract. The Corporation's approval of an assignment shall not create in the assignee any right other than that derived from the assignor. The Corporation shall in no case be bound to accept notice of any assignment of the insurance contract, and nothing therein contained shall give any right against the Corporation to any person other than the insured except to an assignee approved by the Corporation. Only one such assignment will be recognized at any one time with respect to any one crop year in connection with any insurance contract.

**SECTION 23. *Fiduciaries.***—Any indemnity payable under an insurance contract, entered into in the name of a fiduciary who is no longer acting in such capacity at the time for the payment of indemnity and settlement under the certificate of indemnity, will be made to the succeeding fiduciary upon appropriate application and proof satisfactory to the Corporation of his incumbency. In the event there is no succeeding fiduciary, payment of the indemnity and settlement under the certificate of indemnity shall be made to the person(s) beneficially entitled to the interests upon proper application and proof of the facts: *Provided, however,* That the loss may be adjusted with any one or more of the persons so entitled, and payment may be made to such person(s) in behalf of all the persons so entitled, whether or not the person to whom payment is made has been authorized to receive such payment by the other persons so entitled.

**SECTION 24. *Indemnities subject to all provisions of insurance contract.***—Indemnities shall be subject to all the provisions of the insurance contract, including the right of the Corporation to deduct from any such indemnity the unpaid amount of the note of the original insured for the payment of the earned premium. Any indemnity payable to any person other than the original insured as a result of transfer, or otherwise, shall be subject to any collateral assignment of the insurance contract by the original insured.

**SECTION 25. *Determination of person to whom indemnity shall be paid.***—In any case where the insured has transferred his interest in all or a portion of the wheat crop on any insurance unit, has died, has become incompetent, has disappeared, or has ceased to act as a fiduciary, payment in accordance with the provisions of these regulations will be made only after the facts have been established to the satisfaction of the Corporation. The determination of the Corporation as to the existence or nonexistence of a circumstance, in the event of which payment may be made to a person other than the named insured, and the determination of the person to whom such payment shall be made, shall be final and conclusive. Payment of any indemnity and settlement under any certificate of indemnity in accordance with an adjustment of loss made with such person shall constitute a complete discharge of the Corporation's obligation with respect to the loss for which such indemnity is paid and settled and shall be a bar to recovery by any other person.



## PART VI. Deposits, Refunds of Deposits, and Excess Payments

SECTION 26. *Deposits to be applied toward payment of annual premiums for future crop years.*—(a) Any payment made by or for an applicant in excess of an amount equal to the number of bushels of wheat required to pay the annual installment on the note shall be credited as a deposit to be applied toward payment of the next succeeding annual installment on the same or another note. Such deposit shall be stated in terms of the wheat equivalent of the payment made. The wheat equivalent shall be determined by dividing the amount of such excess payment by the cash equivalent price per bushel applicable for the date on which the excess payment was made.

(b) The acceptance of any deposit shall not obligate the Corporation to insure the interest of the depositor under any insurance contract, and any such deposit will be subject to the provisions of the insurance contract for the year in which the deposit is used. The depositor shall have no title or interest in any wheat held by the Corporation, including that deposited by him, and the Corporation shall be liable to the depositor only for the cash equivalent price per bushel for each bushel of the quantity of wheat credited to the insured's account.

SECTION 27. *Refunds.*—Except as may otherwise be provided by the Corporation, no refund of any amount deposited shall be made except upon receipt of a claim in writing: *Provided, however,* That the Corporation shall refund any amount which it determines to be in excess of the premium which may reasonably be expected to be earned in the next succeeding year following the making of the deposit and: *Provided, further,* That the Corporation may refund any deposit at such earlier date as it may determine. The cash equivalent of any refund of deposit shall be determined by multiplying the number of bushels of wheat credited to the insured's account by the cash equivalent price per bushel applicable for (a) the most recent due date of an installment on the note or (b) if no such due date has passed, the date the refund is computed in the branch office.

SECTION 28. *Storage and handling expenses.*—Any refund of premiums, excess payment, or deposits shall be made only in the cash equivalent of the quantity of wheat to be refunded, less an amount, fixed by the Corporation, to cover storage and handling expenses. In no case shall such deduction exceed one-twentieth of one cent per day per bushel. The period for which such deductions shall be computed shall commence with and include the day following the day on which the premium was paid or the deposit was made. Such period shall end with and include the day on which payment of the refund is approved by the Corporation.

SECTION 29. *Assignment or transfer of claims for refunds.*—No claim for a refund, or any part or share thereof, or any interest therein, shall be assignable

or transferable, notwithstanding any assignment of the insurance contract as security or any transfer of interest in any wheat crop covered by the insurance contract. Refund of any deposit will be made only to the depositor and refund of any other payment will be made only to the person who made such payment, except as shown in section 30.

SECTION 30. *Refund in case of death, incompetence, or disappearance.*—In any case where a person who is entitled to a refund of a payment or a deposit has died, has been judicially declared incompetent, or has disappeared, the provisions of section 21 with reference to the payment of indemnities in any such case shall be applicable with respect to the making of any such refund.

## PART VII. Establishment of Average Yields and Premium Rates

SECTION 31. *Average yields per acre.*—(a) The average yield per acre for each insurance unit with respect to which the applicant has an interest in the wheat crop for the first year of the contract shall be that established by the Corporation and on file in the county office and such yield shall be in effect throughout the life of the contract. Such yield, with respect to insurance contracts covering the crop years 1943, 1944, and 1945, shall be determined by averaging the 1942 program yield plus the amount by which the 1942 calculated yield exceeded 110 percent of the 1941 listing sheet yield with the 1941 crop-year yield, giving a weight of nine to the 1942 program yield as adjusted and a weight of one to the 1941 crop-year yield: *Provided, however,* That the 1943 program yield shall not exceed the 1942 program yield established for each insurance unit by more than 10 percent, and shall be subject to factoring, up or down, as the case may be, so that the average of all insurance unit yields will equal, or approximately equal, the 1943 check yields established for the county in which the insurance unit is situated. The average yields for insurance units may be adjusted to reflect changes in farming practices, abnormal weather conditions, or to bring them in line with average yields for similar units.

(b) For insurance units on which an average yield per acre has not been established, such yield shall be determined by appraisal, taking into consideration any actual yield data available for such or other similar insurance units.

(c) The average yield per acre for other insurance units with respect to which the applicant subsequently acquires an interest in the wheat crop shall be the average yield per acre that was or could have been determined hereunder for the first crop year of insurance under the contract.

SECTION 32. *Premium rate per acre.*—(a) The premium rate per acre for each insurance unit with respect to which the applicant has an interest in the wheat crop for the first year of the contract shall be that established by the Corporation and on file in the county office, which premium rate shall be in effect



throughout the life of the contract. Such premium rate, with respect to insurance contracts covering the crop years 1943, 1944, and 1945, shall be determined by either of two methods: (1) By averaging the 1942 premium rate with the 1941 crop loss per acre, giving a weight of 19 to the 1942 premium rate and a weight of one to the 1941 crop loss for the insurance unit and then adjusting the average thus obtained to conform with any change from 1942 to 1943 in the insurance unit yield: *Provided, however,* That the 1943 rate shall not exceed the 1942 rate by more than .30 bushel per acre unless the Corporation determines that a greater increase is necessary to reflect unusual risks for the insurance unit; or (2) the Corporation may establish premium rates by means of a premium rate schedule, provided such method achieves the establishment of rates for insurance units in the same yield classification that are determined by the Corporation to be fair and just. The premium rates for insurance units may be adjusted to reflect changes in farming practices, abnormal weather conditions, or to bring them in line with premium rates for similar units.

(b) For insurance units on which no average premium rate per acre has been established, such rate shall be determined by appraisal taking into consideration any actual loss data available for such or other similar insurance units.

(c) Premium rates for individual insurance units, by whatever method established, shall be subject to factoring, up or down, as the case may be, so that the average of the insurance unit premium rates will equal, or approximately equal, the 1943 check premium rate established for the county in which the insurance unit is located. The Corporation may establish minimum premium rates.

(d) The average premium rate per acre for other insurance units with respect to which the applicant subsequently acquires an interest in the wheat crop shall be the average rate per acre that was or could have been determined hereunder for the first crop year of insurance under the contract.

SECTION 33. *Average yields and premium rates where farms vary widely in productivity and risk of loss.*—If land comprising any insurance unit consists of tracts which vary widely in productivity, or risk of loss, the Corporation may establish separate yields and premium rates for such tracts by appraisal, taking into consideration actual yield data available for such or other similar tracts.

SECTION 34. *County check yields.*—The county check yields shall be determined by the Corporation by averaging the county check yield for 1942 with the 1941 average crop yield of wheat for the county, giving a weight of nine to the 1942 check yield and a weight of one to the 1941 crop yield, plus the amount by which the 1942 calculated yield exceeded 110 percent of the 1941 check yield: *Provided, however,* That no county check yield with respect to the 1943 program shall vary more than 5 percent from the 1942 county check yield. Adjustments may be made for abnormal weather conditions,

trends in yields, and such other conditions that warrant consideration as may be determined by the Corporation.

SECTION 35. *County check premium rates.*—(a) County check premium rates shall be determined by first adjusting the 1942 county check rate to reflect changes made in the county check yield from 1942 to 1943. The figure resulting from this adjustment shall be averaged with the 1941 loss per acre for the county, giving the 1942 adjusted rate a weight of 14 and the 1941 crop loss a weight of one. Adjustments shall then be made to reflect the county loss experience for the three years, 1939, 1940, and 1941. Further adjustments may be made for abnormal weather conditions, trends in risk, and any other conditions that warrant consideration as may be determined by the Corporation.

SECTION 36. *Special farming practices.*—In areas where special farming practices are followed, separate yields and premium rates, both for the county and for insurance units, may be established for each practice. The method used for establishing the special practice average yields and premium rates shall be substantially the same as that used for establishing the yields and premium rates for the general practice. The yield and premium rate thus established shall apply to the acreage of wheat seeded on the insurance unit under the special farming practice.

## PART VIII. General

SECTION 37. *Restriction on purchase and sale of wheat by the Corporation.*—The restriction on the purchases and sale of wheat as provided in section 508 (d) of the Federal Crop Insurance Act, as amended, reads as follows: "Insofar as practicable, the Corporation shall purchase the agricultural commodity only at the rate and to a total amount equal to the payment of premiums in cash by farmers or to replace promptly the agricultural commodity sold to prevent deterioration; and shall sell the agricultural commodity only to the extent necessary to cover payments of indemnities and to prevent deterioration: *Provided, however,* That nothing in this section shall prevent prompt offset purchases and sales of the agricultural commodity for convenience in handling. Nothing in this section shall prevent the Corporation from accepting, for the payment of premiums, notes payable in the commodity insured, or the cash equivalent, upon such security as may be determined pursuant to subsection (b) of this section, and from purchasing the quantity of the commodity represented by any of such notes not paid at maturity."

SECTION 38. *Records, access to insurance unit.*—For the purpose of enabling the Corporation to determine the amount of loss under the insurance contract, the insured shall keep, or cause to be kept, records of the harvesting, storage, shipment, sale, or other disposition, of all wheat produced on each insurance unit covered by the insurance contract.



Such records shall be made available for examination by the Corporation, and as often as may reasonably be required, any person designated by the Corporation shall have access to the insurance unit.

**SECTION 39. *Review of determinations of county committees.***—All determinations by county committees shall be subject to review and approval or revision by duly authorized representatives of the Corporation.

**SECTION 40. *Applicant's warranty; voidance by the Corporation.***—In applying for insurance the applicant warrants that any information submitted by him is true and correct, and is made by him, or by his authority, and shall be taken as his act. The insurance contract may be voided and any earned premium forfeited to the Corporation without the Corporation's waiving any right or remedy, including its right to collect the amount of the note executed by the insured, whether before or after maturity, if at any time the insured has concealed any material fact or made any false or fraudulent statements relating to the insurance contract, the subject thereof, or his interest in the wheat crop covered thereby, or if the insured shall neglect to use all reasonable means to produce, care for or save the wheat crop covered thereby, whether before or after damage has occurred, or if the insured fails to give any notice, or otherwise fails to comply with the terms of the contract, including the note, at the time and in the manner prescribed.

**SECTION 41. *Modification of insurance contract.***—No notice to any county committee or representative of the Corporation or knowledge possessed by any such county committee or representative or by any other person shall be held to effect a waiver of or change for any year in any part of the insurance contract or stop the Corporation from asserting any right or power under such contract; nor shall the terms of such contract be waived or changed for any year except as authorized in writing by a duly authorized officer or representative of the Corporation; nor shall any provision or condition of the insurance contract or any forfeiture be held to be waived by any delay or omission by the Corporation in exercising its rights and powers hereunder, or by any requirement, act, or proceeding on the part of the Corporation or of its representatives relating to appraisal or to any examination herein provided for.

**SECTION 42. *Fractional units in acres and yields.***—Fractions of yields per acre shall be rounded to the nearest tenth of a bushel. Fractions of loss costs and premium rates shall be rounded to the nearest one-hundredth of a bushel. Fractions of bushels other than loss costs and premium rates shall be rounded to the nearest bushel. Fractions of acres representing total acres of wheat shall be rounded to the nearest tenth of an acre. Computations shall be carried to one digit beyond the digit that is to be rounded. If the extra digit computed is one, two, three, or four, the rounding shall be downward. If the extra digit computed is six, seven, eight, or nine, the rounding shall be upward. If the extra digit com-

puted is five, the computation shall be carried to another digit. If the two extra digits are 50, the rounding shall be downward, and if the two extra digits are 51 or any higher figure, the rounding shall be upward.

**SECTION 43. *Closing dates for any crop year.***—(a) Closing dates for submission of applications for any crop year shall be the earlier of: (1) the date of the beginning of the seeding of the wheat crop, or (2) for winter wheat, August 31 for Arizona, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Wisconsin, Wyoming; September 15 for Delaware, Kentucky, Maryland, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia; September 30 for California, Idaho, Nevada, Oregon, Utah, Washington, or (3) for spring wheat March 15. If any of the above dates falls on Sunday or a legal holiday the next succeeding business day shall apply.

(b) In areas where the county committee determines it is good farming practice to seed spring wheat and an application is submitted after the closing date for winter wheat but before the closing date for spring wheat and both winter and spring wheat are seeded on the insurance unit, the insurance during the first crop year of the contract shall cover only the spring wheat seeded. In such instances all determinations with respect to the first year's insurance under the contract shall be made on the basis of the spring wheat crop only.

**SECTION 44. *Due dates for payment of annual installments on premium notes.***—The due dates by states for the payment of annual installments upon notes shall be as follows: July 10 for Arizona, Arkansas, Iowa, Texas, Virginia, North Carolina; July 13, Oklahoma; July 15, Missouri, Illinois, New York, Pennsylvania, New Jersey; July 20, Indiana, Delaware, Maryland, West Virginia; July 25, Kentucky, Ohio, Tennessee; July 30, Kansas; August 10, California, Nebraska; August 15, Colorado, Michigan, Utah, New Mexico, Wisconsin; August 18, Oregon, South Dakota; August 20, Minnesota, Nevada, Washington; August 25, Idaho, North Dakota; August 29, Montana, Wyoming.

**SECTION 45. *Meaning of terms.***—For the purpose of the wheat crop insurance program, the term:

(a) *Average yield* means the average yield of wheat per acre established by the Corporation for each insurance unit.

(b) *Cash equivalent price per bushel* means the net price per bushel of wheat established by the Corporation for the area in which the insurance unit is located on the basis of the price of wheat per bushel at the basic market designated by the Corporation for the area, with differentials to represent the difference in wheat prices for the basic market and area in which the insurance unit is situated.

(c) *Closing date for any crop year* means the latest date that an application may be submitted



to the county office to cover wheat normally harvested in that crop year.

(d) *Corporation* means the Federal Crop Insurance Corporation.

(e) *Crop year* means the period within which a wheat crop is normally seeded and harvested. A crop year shall be designated by reference to the calendar year in which the wheat crop is normally harvested.

(f) *County* means a political or civil division of a state and includes parishes in Louisiana.

(g) *County committee* means the group of persons elected within any county to assist in the administration of the Agricultural Conservation Program in such county.

(h) *Insurance contract* means a contract of insurance entered into by the applicant and the Corporation by virtue of the application for insurance and these regulations and any amendments thereto.

(i) *Insured percentage* means the percentage of the average yield of wheat per acre for the insurance unit covered by insurance, and shall be either 50 or 75 percent.

(j) *Insurance unit* means the acreage considered for the purpose of establishing the average yield and premium rate of a portion of such acreage in which the insured has an interest as a wheat producer at the time of seeding in any crop year, except that when separate yields and separate premium rates are established because acreages vary widely in topography, productive capacity or risk of loss, or because of special practices being followed, such acreages shall not be considered separate insurance units. When an acreage in which the insured has an interest as a wheat producer at the time of seeding consists of land part of which is regularly irrigated and part of which is never irrigated, such acreages shall constitute separate insurance units.

(k) *Landlord* means a person who owns or leases farm land and rents or subleases such land to another person for a share of the crop or the pro-

ceeds therefrom; and *owner-operator* means a person who owns farm land and operates it.

(l) *Maximum insurable acreage* for an insurance unit shall be the acreage seeded to wheat for harvest as grain not in excess of the maximum acreage of wheat which may be harvested in the applicable year of the insurance contract without incurring a deduction from Agricultural Conservation Program payments for excess wheat.

(m) *Person* means an individual, partnership, association, corporation, estate, or trust, and, wherever applicable, a state, a political subdivision of a state, or any agency thereof.

(n) *Premium rate* means the premium rate per acre established by the Corporation.

(o) *Sharecropper* means a person who works an insurance unit in whole or in part under the direction and supervision of the operator, who usually furnishes his labor and bears a specified percentage of certain production expenses and is entitled to receive a specified percentage of the crops he produces, or a specified percentage of the proceeds therefrom.

(p) *Tenant* means a person other than a sharecropper who rents land from another person (for cash, a fixed commodity payment, or a share of the crop or proceeds therefrom), who bears all or a portion of the production and processing expenses, who farms independently or under the general supervision of the operator, and who is entitled under a written or oral lease or agreement to receive all or a share of the crop or proceeds therefrom produced on such land.

(q) *Wheat crop* means all seeded winter and spring wheat but does not include (1) volunteer or self-seeded wheat, (2) succotash, (3) true type winter wheat seeded in the spring, (4) wheat seeded for purposes other than grain, as provided in section 5 hereof, and (5) winter wheat in the first year of the contract on applications submitted after the closing date for winter wheat applications, as provided in section 43 (b) hereof.

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